

MEMORANDUM OF UNDERSTANDING

Memorandum of Understanding as of January 6, 2000 between the undersigned company ("Company") and District No. 1-PCD, MEBA [AFL-CIO] ("Union") regarding the terms and conditions of employment of Licensed Engineers/Deck Officers for the operation of certain Ready Reserve Fleet ("RRF") vessels under MARAD RFP DTMA 91-97-R-00002 ("RFP").

WHEREAS, this Memorandum of Understanding supercedes any and all the memorandum(s) executed by the parties concerning the above referenced RFP; and

WHEREAS, the parties have collective bargaining agreements covering the Company's vessels; and

WHEREAS, the Company will bid on contracts to maintain and periodically operate certain vessels under the above-referenced RFP; and

WHEREAS, the parties in recognition of the need for continuous officer coverage of the vessels, recognize the positions previously established as "Licensed Maintenance Engineers/Deck Officers"; and

WHEREAS, the parties agree to all terms of the RFP,

THEREFORE, IT IS AGREED THAT:

All wages, benefits, contributions and other terms and conditions of employment contained in the applicable deep-sea vessel agreements as amended and supplemented, in effect at the commencement of this memorandum and all amendments and supplements thereto negotiated during the term of this memorandum shall apply to the above-referenced vessels, except as amended or modified herein:

1. CONDITIONS OF EMPLOYMENT

(a) It is understood that the Company shall have the right of selection regarding all Masters, Chief Engineers, Chief Mates and First Assistant Engineers provided that they are members of the Union. All other Officers shall be obtained through the Union's hiring halls. All Officers must clear through the Union's hiring halls unless permission from the Union is granted otherwise.

(b) Training requirements are as stated in the RFP. Previously established Company training requirements shall not be applicable. It is understood, however, that if other training is required by MARAD, the provisions of the RFP will prevail.

DTMA 91-97-R-00002

1-6-2000

2. **LICENSED MAINTENANCE ENGINEERS/DECK OFFICERS**

It is the intent of the parties that the category of "Licensed Maintenance Engineers/Deck Officers" shall be assigned to perform routine maintenance work as directed by the Company or Chief Maintenance Engineer aboard the vessels while in Reduced Operational Status (ROS) Phase, and to crew and sail the vessels if required whenever the vessels are activated in the exercise or Full Operating Status (FOS) Phase, under the terms of the above-referenced RFP. The Company shall employ ROS Maintenance Officer crews consisting of Masters, Chief Engineers, Chief Mates, First Assistant Engineers, Second Mates, Second Assistant Engineers, Third Mates and Third Assistant Engineers. Where a vessel is placed in Repair Availability Status (RAV), all ROS wages, ROS benefits and ROS terms shall apply unless otherwise stated herein.

3. **REDUCED OPERATIONAL STATUS (ROS)**

(a) The work week shall be Monday through Sunday normally from 0800 hours to 1700 hours Monday through Friday; however, such eight (8) hour schedule may be varied due to launch and/or other transport schedules to or from the vessel. The time spent traveling on the launch and/or other transport shall be included in the eight (8) hour day. It is not the intent to include in the eight (8) hour day, time spent traveling from the Licensed Maintenance Officer's home to the general area of the vessel.

(b) For all vessels in ROS, all wages shall be as stated in Section II of Appendix "A" and Appendix "B" as attached. Benefits shall be as stated in Appendix "C."

(c) Vacation contributions shall be paid to the MEBA Vacation Plan.

(d) A Licensed Maintenance Officer is eligible to take vacation after thirty (30) days employment. The parties agree that the vacation period will be taken only with the mutual consent of the Licensed Maintenance Officer and the Company during the first six (6) months of an employment period. If a Licensed Maintenance Officer has not taken, or been permitted to take, his/her accrued vacation after six months of continuous employment and the requested vacation satisfies the exemption requirements set forth below, then he/she may do so upon notice to the Company. The exemption requirements state that a requested vacation after six (6) months of continuous employment may be denied in whole or in part if an activation (emergency or otherwise) or major overhaul contract has been scheduled for his/her vessel as of the date which the Licensed Maintenance Officer has requested said vacation.

(e) A Licensed Maintenance Officer may elect to file for vacation benefits earned while serving on an activated vessel and still return to his/her ROS position.

(f) Whenever possible, subject to Company approval, ROS Licensed Maintenance Officers who seek additional training shall be granted an unpaid leave of absence to attend Calhoun MEBA Engineering School approved courses.

(g) While in the ROS Phase the Chief Maintenance Engineer will be the senior officer in charge of all maintenance crew members for that vessel.

(h) Each ROS crew will be permanently assigned to a particular vessel.

(i) A maximum of four (4) sick days per calendar year is permitted without a physician certification of illness. Sick days over four (4) must be supported by proper medical documentation. All sick days shall require the Licensed Maintenance Officer to notify the vessel via telephone or facsimile. The occurrence of singular sick days shall not be cause for notification of same to any medical and/or reporting casualty service. There shall be no monetary payment for unused sick days.

4. FULL OPERATING STATUS (FOS)

(a) The provisions of this Section 4 shall apply at all times to all vessels while in FOS status regardless of the location of the vessels. For all vessels in FOS, all wages shall be as stated in Section I of Appendix "A" and Appendix "B" as attached. Benefits shall be as stated in Appendix "C."

(b) During a vessel activation, either for exercise or operation, a Licensed Maintenance Officer will be assigned to the same vessel in the rating held while in the Maintenance (ROS) Phase or to a higher rating, as necessary, and shall thereafter be deemed a permanent ship's Officer under the terms of the Agreements pertaining to that vessel.

(c) Additional Licensed Officers required to sail the vessel may be transferred to the activated vessel from other vessel ROS crews or be hired from the Union's employment pool through the hiring halls. Except for Licensed Engineers transferred from other ROS crews, payroll shall commence at the time an additional Licensed Engineer reports aboard the vessel.

(d) If the Company transfers an Officer from another vessel's ROS crew, that Officer will revert back to his/her original vessel and rating upon deactivation.

(c) When the first additional crew member arrives aboard the activated vessel, all wages, benefits and all other provisions of the Agreements shall be applicable except as provided in this Memorandum. The FOS provisions herein and the applicable terms of the Agreements shall apply until the Company places the vessel back in Maintenance (ROS) Phase or, at the Company's discretion, the day following the completion of operational crew stand down.

(f) Maintenance Officers who are transferred to a vessel being activated for the sole purpose of assisting in the activation, but who will not be part of the operating crew, will continue to be covered by the ROS provisions of this Memorandum. If said Officer is assigned to the operating crew then he/she will be covered under the FOS provisions herein and the applicable terms of the Agreements from the time the first additional crew member arrives aboard the vessel.

(g) Any transfer from Licensed Maintenance Officer to ship's Officer and vice versa shall not constitute a break in continuous employment.

(h) Due to the operational requirements of these vessels whereby they may operate in remote and hostile environments, it is recognized that there may be instances whereby vessel personnel may be restricted from shore leave by military commanders. For those instances, sections of the Agreements relating to confinement to vessel shall not be applicable. It is to be understood that the Company or the Master acting on behalf of the Company shall not abuse this provision. In the event of a restriction to the vessel, if it is to extend more than seventy two (72) hours, the Company shall notify the Union within the first seventy two (72) hours of the restriction.

5. HOLIDAYS

(a) Holidays shall be as stated in Section III (C) of appendix "A" as attached.

(b) The Company shall pay each Licensed Officer his/her daily rate of pay and benefit contributions for each holiday.

6. EMPLOYEE DIRECTED CONTRIBUTION PLAN (EDCP)

The Company shall make a contribution for each Licensed Maintenance Engineer into an Employee Directed Contribution Plan. Contributions shall be as listed in Appendix "C." The Employee Directed Contribution Plan shall provide for a choice between taxable cash compensation and a before-tax contribution to the MEBA 401(k) Plan. The parties shall recommend to the Trustees of the MEBA 401(k) Plan that all necessary changes, if any, be made

to such plan in order to implement the Employee Directed Contribution Plan

7. **REALLOCABLE FUND**

The Company shall pay contributions to the Reallocable Fund in the amounts set forth in Appendix "C." During the life of this Agreement, the Union may direct the Company to pay all or part of such Reallocable Fund contributions to another MEBA fringe benefit plan in lieu of the Reallocable Fund; provided, however, that such action(s) shall not result in an increase of the Company's total costs under this Agreement.

8. **GRIEVANCE AND ARBITRATION PROCEDURE**

All disputes relating to the interpretation or performance of this Memorandum which cannot be resolved by the parties shall be resolved in accordance with the provisions of the Agreement.

9. **TERM**

This Memorandum shall remain in full force and effect for the term of the Company's contract awarded under the RFP. In the event the Company's contract awarded under the RFP is terminated, the Company is obligated to notify MEBA in writing of such termination within 15 days of such notification.

Keystone Shipping Services, Inc. District No. 1-PCD, MEBA (AFL-CIO)
Company Union

By: Arthur H. Lutz

By: Ken Davis

Date: 1/12/2000

Date: 1-12-2000

APPENDIX "A"
(ECONOMIC MATTERS)
(DTMA-91-97-R-00002)

I. Full Operating Status (FOS)

A) Wages:

The Monthly Base Wages, NWA's and Hourly Overtime Rates to be paid to Officers employed on a vessel in FOS are as follows:

Effective the first day of operation:

	<u>Monthly Base:</u>	<u>*Monthly NWA:</u>	<u>Hourly O/T Rate:</u>
Master	\$9,124.30	\$1,845.23	\$1,950.00**
Chief Engineer	8,901.74	1,800.23	1,950.00**
CM; 1A/E	5,634.37	1,139.46	40.64
RO; ET	5,271.97	1,066.17	38.04
2M; 2A/E	4,909.56	992.88	35.42
3M; 3A/E	4,277.12	864.98	30.86

Port Relief Rate: \$33.28 per hour

Premium/Penalty Rate: \$12.43 per hour

Engine Room Standby at Sea: \$25.00 per tour (unattended engine room vessels)

Engine Room Standby in Port: \$12.43 per hour (unattended engine room vessels)

* NWAs shall be added to the Base Wages for the purposes of calculating Vacation and MPB benefits for all Officers and also included for Masters and Chief Engineers when employed aboard ship.

** Monthly payment (prorated) in lieu of all other forms of additional compensation unless otherwise provided.

B) FOS Officers:

1. Premium/Penalty Rate: The Premium/Penalty Rate shall be payable for "Delayed Sailing" in United States ports for all hours between two (2) hours after the posted time and one (1) hour before the letting go of the first line, unless the sailing board is changed within four (4) hours prior to departure. Premium/Penalty Rate is also payable when an Officer performs "dirty work" and/or "unlicensed work."

2. Port Relief Rate: The Port Relief Rate shall be paid for all hours Port Relief Officers are employed. Port Relief Officers shall be employed on weekends and holidays when a vessel is in FOS in a United States port or whenever otherwise requested by the Company. Weekends shall

commence at 1700 hours Friday and end at 0800 hours Monday. Holidays shall commence at 1700 hours on the eve of the holiday and end at 0800 hours the day after the holiday. When Port Relief Officers are required but not employed, the applicable overtime rate shall apply for the shipboard Officer.

3. Overtime: For all hours of work performed in excess of eight (8) hours in any one (1) day on weekdays and for all hours of work performed on weekends and holidays, Officers (except Masters and Chief Engineers) shall be paid at their overtime rate.

4. Overtime Rule: When overtime is performed, such work shall be paid at one half (1/2) hour increments except of the first hour, which shall be a full hour. There shall be no pyramiding of overtime.

5. Vacation: Masters, Chief Engineers, Chief Mates, and First Assistant Engineers shall be entitled to thirty (30) days of paid vacation for each thirty (30) days of "shipboard employment." All other Officers shall be entitled to twenty-six (26) days of paid vacation for each thirty (30) days of "shipboard employment."

6. GMDSS: When a Radio Officer (RO) or Electronics Technician (ET) is not employed, an Officer who is properly GMDSS certified and actually performs communication duties, shall be compensated by an additional payment of \$1,800.00 per month, prorated when appropriate and allocated when more than one (1) qualified Officer performs such additional work.

II. Reduced Operating Status (ROS) & Repair Availability Status (RAV)

A) Wages:

The Weekly Base Wages and Hourly Overtime Rates to be paid to Officers employed on a vessel in ROS & RAV are as follows:

Effective on the first day of operation:

	<u>Weekly Base</u>	<u>Hourly Overtime</u>
Master	\$2,040.01	\$49.22
Chief Engineer	1,874.67	45.92
CM; 1A/E	1,591.17	37.50
RO; ET	1,488.80	34.54
2M; 2A/E	1,386.42	31.58
3M; 3A/E	1,228.50	27.56

Premium/Penalty Rate: \$12.43 per hour

B) ROS/RAV Officers:

1. **Work Week:** The week shall be Monday through Sunday, during which Officers shall work Monday through Friday (0800-1700) with a mutually agreed upon rotating overnight, weekend and holiday watches or security checks as required. Weekly wages shall be divided by seven when determining earnings for Officers who work less than a full week; provided, however, that no Officer shall receive less than the above noted weekly rate of pay when such Officer works Monday through Friday and the vessel remains in ROS throughout the subsequent weekend.
2. **Security Watches:** Security checks/watches shall be shared equally by all shipboard Officers. There shall be no additional compensation for routine security watch standing; provided, however, that Officers, who are required to perform work during security checks/watches shall be paid at their overtime rate for all such hours. Merely answering an alarm or making routine rounds while standing such watches, is not considered "work performed."
3. **Overtime:** For all hours of work performed in excess of eight (8) hours in any one (1) day Monday through Friday and for all hours of work performed on weekends and holidays, all Offices shall be paid at their overtime rate. There shall be no pyramiding of overtime.
4. **Premium/Penalty Rate:** The Premium/Penalty Rate is payable when an officer performs "dirty work" and/or "unlicensed work."
5. **Call Back:** It is understood and agreed that on holidays in port, the Security Watch Officers on all vessels and/or the Duty Engineers on unattended engine room vessels shall receive eight (8) hours of pay at their overtime rate. All other Officers called back to work on Saturdays, Sundays and holidays shall receive a minimum of four (4) hours of pay at their overtime rate.
6. **Compensatory Time:** Officers who elect to take compensatory time off instead of overtime payment will be entitled to hour for hour time off with pay. Compensatory time may be taken in conjunction with vacations.
7. **Vacation and Sick Days:** Officers shall earn one and a half (1.5) days of paid vacation and one (1) day of paid sick leave for each thirty (30) days on the payroll. Pay in lieu of time off for earned vacation days is permissible. Payment of vacation and sick days shall be as stated in the MOU.
8. **Routine Tour:** Officers assigned to a vessel when in ROS/RAV must remain aboard for at least one (1) Routine Tour, in the Officer's ROS capacity or higher, when such vessel is put into POS.

9. Probationary Period: Officers assigned to a vessel when in ROS/RAV shall be considered probationary for the first sixty (60) days of employment. During this probationary period, the Company may terminate employment for any lawful reason and there shall be no recourse through the grievance procedure contained in the Agreement.

III. FOS and ROS/RAV Miscellaneous

A) Wage Increases and Commencement of Wages:

1. There shall be an increase of three percent (3%) of Total Labor Cost (TLC) for Officers effective each anniversary date for the duration of this Agreement commencing with the second anniversary date. TLC is defined to include all rates of pay (Base Wages and NWAs), overtime, all other forms of compensation paid and all benefit contributions. TLC excludes feeding, transportation, overlap costs and taxes.
2. Wages shall commence no later than the day the Officer actually "turns-to" aboard the vessel.
3. All wages and benefits shall apply as specified herein regardless of vessel location.

B) Transportation, Subsistence and Lodging:

1. Transportation:

- a) Launch service to and from a vessel shall be provided, when necessary, at Company's expense.
- b) For air travel, unless otherwise provided, between home port of dispatch to ship and vice versa, and from one Company ship to another Company ship, Officers shall receive economy class air transportation and be reimbursed for reasonable expenses associated with such travel. For other travel, Officers' travel expenses shall be reimbursed in accordance with the government's Joint Travel Regulations (JTR) for the area in which the travel occurs.
- c) A "travel per diem" equal to the Daily Base Wage (Monthly Base divided by 30 for FOS, or Weekly Base divided by 7 for ROS/RAV) shall be paid to Officers required to join a vessel outside the Continental United States, nearby foreign and the State of Hawaii (fringe benefit contributions are not required), starting the day the Officer flies out or is scheduled to fly out directly to the vessel and ending the day the Officer boards the vessel. For travel between one Company ship to another Company ship, covered

herein, Officers' wages shall continue at the rate the Officers are employed and all benefit contributions shall be made by the Company.

2. Subsistence and Lodging:

a) Officers shall, at all time, be housed and fed aboard the vessel upon which employed or another Company vessel that is "nested" alongside.

b) Subsistence and lodging expenses incurred because housing and/or hot meals are not provided aboard ship or the nested vessel shall be reimbursed in accordance with the government's Joint Travel Regulation (JTR) for the area.

C) Holidays:

1. There shall be ten (10) paid holidays for all Officers as follows:

- a) New Years Day
- b) Martin L. King Birthday
- c) President's Day
- d) Memorial Day
- e) Independence Day
- f) Labor Day
- g) Columbus Day
- h) Veterans' Day
- i) Thanksgiving Day
- j) Christmas Day

2. Recognized holidays shall be celebrated on the day proclaimed by the Federal Government otherwise on the day that they occur or on the subsequent Monday if occurrence is on a Saturday or Sunday.

D) Status and Manning Scales:

1. "ROS", "RAV" and "FOS" shall be defined in the resultant agreement between MARAD and the Company.

2. While in ROS/RAV, the manning scale shall be agreed upon between MARAD and the Company.

3. While in FOS, the manning scale shall be agreed upon between MARAD and the Company.

4. The manning scales in sub-sections D2 and D3, herein and directly above, shall be adjusted only in accordance with the provisions of the Agreement between MARAD and Company; provided, however, that the

manning scale shall always be no less than that required by the Certificate of Inspection issued by the United States Coast Guard.

E) Unattended Engine Rooms:

1. For unattended engine room at sea or in port, the number of routine tours of the engine room to be conducted during weekdays, weekends and holidays shall be determined by the Company and Chief Engineer.
2. In port, when a Duty Engineer is required to remain aboard the vessel between the hours of 5 P.M. and 8 A.M. on weekdays and all hours on Saturdays, Sundays, and holidays, such Engineer shall be paid at the Engine Room Standby in Port hourly rate of pay for all such hours; provided, however, that such Duty Engineer shall be paid, in lieu of the Engine Room Standby in Port hourly rate of pay, overtime for all hours of work performed during such hours.
3. At sea, for each routine tour of the engine room, the Duty Engineer shall receive the Engine Room Standby at Sea rate of pay and be paid overtime for all hours of work performed between the hours of 5 P.M. and 8 A.M. on weekdays and all hours on Saturdays, Sundays and holidays.
4. In port or at sea, no additional compensation shall be paid to the Duty Engineer who merely answers an alarm.

F) Benefit Contributions:

1. The Company agrees to become and/or remain party to the various benefits plans and entities and to make contributions thereto in accordance with the Memorandum Of Understanding.
2. Except as may be otherwise provided, all benefits contributions shall be made on a day for day basis, that is, when a vessel is in ROS/RAV such contributions shall be made monthly on a seven day week basis (daily contribution rate multiplied by 365 then divided by 12). When a vessel is in FOS such contributions shall be made on the well-established practice of monthly payments within the Rules and Regulations of the various benefit plans.

IV. Bonus Payments

A) Dangerous Cargo Bonus:

1. When carrying "Dangerous Cargo" of fifty (50) long tons or more, Officers shall be paid an additional ten percent (10%) of their

Base Wages commencing the day of commencement of loading through the day of discharge of such cargo.

2. For this purpose, "Dangerous Cargo" is defined as Class "A" munitions or dangerous explosives in accordance with the Interstate Commerce Commission's classification, such as:

- a) Ammunition for cannons of 27 mm (1.5 in) caliber or larger;
- b) Ammunition for cannons with explosive projectiles;
- c) Projectiles, grenades, bombs, mines, torpedoes;
- d) Black powder or low explosives;
- e) Ammunition with explosive bullets;
- f) Ammunition with explosive chemicals;
- g) High explosive such as dynamite, etc.;
- h) Initiating or priming explosives such as blasting caps; and
- i) Nuclear explosives.

3. This section shall not apply to small arms, ammunition, signaling devices, etc., carried for the protection of the ship.

B) War Zone and Imminent Danger Zone Bonuses:

1. While a vessel is being operated in or traversing waters described as being a "War Zone" by an appropriate U.S. Government Agency, all Officers shall receive a bonus equal to one hundred percent (100%) of Base Wages on a day for day basis.

2. While a vessel is being operated in or traversing waters described as being an "Imminent Danger Zone" by an appropriate U.S. Government Agency, all Officers shall receive a daily bonus equal to the bonus paid to U.S. Military Personnel assigned to the area, or, civil mariners, whichever is higher.

3. For B1 and B2 herein and directly above, the appropriate bonus shall be paid effective the day the vessel enters the "zone" and shall terminate effective the day after the vessel departs the "zone," or effective the day the respective "zone" designation is withdrawn by the appropriate U.S. Government Agency, whichever occurs first.

C) Other Bonuses:

1. A "Harbor Attack Bonus" and a "Vessel Attack Bonus" of six hundred dollars (\$600.00) and one thousand dollars (\$1,000.00), respectively, shall be paid to all Officers on a per incident basis.

2. Warning shots across the bow in compliance with International Law does not constitute an "attack" of any kind.

3. It is understood that when a "Vessel Attack Bonus" is paid, no "Harbor Attack Bonus" shall be paid for that particular harbor on that particular day.

D) Additional Insurance:

1. For the duration that a vessel is in the above described "zones," the Company shall provide to Officers, at its own cost, insurance covering loss of life, disability, including dismemberment and loss of functions, detention and loss or damage to personal effects, by a policy substantially in the form of the Second Seamen's War Risk Policy.

2. The policy amounts payable under such war risk insurance shall be the same as those described in the Second Seamen's War Risk Policy except that the benefit for loss of life shall be six hundred thousand dollars (\$600,000.00).

APPENDIX "B"

WAGES

(payable 7 days per week for each day on payroll)

DTMA 91-97-R-0000

01/06/0

LICENSED ENGINEERS/DECK OFFICERS

REDUCED OPERATING STATUS

<u>OFFICER</u>	<u>DAILY BASE WAGE</u>	<u>HOURLY OVERTIME RATE</u>
Master	\$291.43	\$49.22
Chief Engineer	\$267.81	\$45.92
1st Engineer; Chief Mate	\$227.31	\$37.50
2nd Engineer; 2nd Mate	\$198.06	\$31.58
3rd Engineer; 3rd Mate	\$175.50	\$27.56
Radio Operator	\$212.69	\$34.54

Hourly Premium/Penalty Rate: \$12.43

FULL OPERATING STATUS

<u>OFFICER</u>	<u>DAILY BASE WAGE</u>	<u>DAILY NON-WATCH WAGE (1)</u>	<u>HOURLY OVERTIME RATE</u>
Master	\$304.14	\$81.51	(2)
Chief Engineer	\$296.72	\$80.01	(2)
1st Engineer; Chief Mate	\$187.81	\$37.98	\$40.64
2nd Engineer; 2nd Mate	\$163.65	\$33.10	\$35.42
3rd Engineer; 3rd Mate	\$142.57	\$28.83	\$30.86
Radio Operator	\$175.73	\$35.54	\$38.04

Hourly Port Relief Rate: \$33.28

Hourly Premium/Penalty Rate: \$12.43

(3) Engine Room Standby at Sea: \$25.00 per tour

(3) Engine Room Standby in Port: \$12.43 per hour

(1) Payable onboard to Master & Chief Engineer only. Included in benefit calculations for all other Officers.

(2) Master and Chief Engineer shall receive a monthly supplement of \$1,950.00 in lieu of overtime.

(3) Unattended engine room vessels only.

Increase: At the second and subsequent anniversary dates of the award of the contract, there shall be a 3% increase in total labor costs for ROS and FOS.

APPENDIX "C"

BENEFITS

(payable 7 days per week for each day on payroll)

DTMA 91-97-R-00002

01/08/00

LICENSED ENGINEERS/DECK OFFICERS

REDUCED OPERATING STATUS

PENSION	\$ 0.00 per man per day
MPB	5% Base + Feinberg = 5.25% x Base
WELFARE	\$45.00 per man per day
TRAINING	\$ 0.10 per man per day
REALLOCABLE	as listed below
JEC	\$ 0.00 per man per day
AMC	\$ 2.00 per man per day
VACATION	1.5 for 30
EMPLOYEE DIRECTED CONTRIBUTION PLAN	as listed below
FEINBERG FACTOR	0.05
ADMINISTRATION FACTOR	0.005

FULL OPERATING STATUS

PENSION	\$ 0.00 per man per day
MPB	5% Base + NWA
WELFARE	\$31.00 per man per day + Feinberg plus \$0.75
TRAINING	\$ 0.10 per man per day + Feinberg
REALLOCABLE	as listed below
JEC	\$ 0.00 per man per day
AMC	\$ 2.00 per man per day
VACATION	30 for 30 Master, Chief Engineer, 1st Eng, Chief Mate 26 for 30 All Other Officers
EMPLOYEE DIRECTED CONTRIBUTION PLAN	as listed below
FEINBERG FACTOR	1.0000 for 30 for 30 0.8666 for 26 for 30
ADMINISTRATION FACTOR	0.0788 for 30 for 30 0.0744 for 26 for 30

<u>OFFICER</u>	<u>ROS DAILY</u>		<u>FOS DAILY</u>	
	<u>EDCP</u>	<u>REALLOCABLE</u>	<u>EDCP</u>	<u>REALLOCABLE</u>
Master	\$12.16	\$31.81	\$5.00	\$204.85
Chief Engineer	\$12.16	\$24.43	\$5.00	\$198.60
1st Engineer, Chief Mate	\$9.84	\$14.10	\$41.00	\$1.27
2nd Engineer, 2nd Mate	\$8.14	\$6.65	\$35.72	\$7.97
3rd Engineer, 3rd Mate	\$3.59	\$4.15	\$28.92	\$1.30
Radio Operator	\$0.00	\$18.36	\$0.00	\$51.40

Increase: At the second and subsequent anniversary dates of the award of the contract, there shall be a 3% increase in total labor costs for ROS and FOS.

DISTRICT No. 1-PCD, MEBA
(AFL-CIO)

LAWRENCE H. O'TOOLE
PRESIDENT

ROBERT MCFEETERS
SECRETARY-TREASURER

RON DAVIS, V.P., GULF COAST
811 CARONDELET STREET
NEW ORLEANS, LA 70130
(504) 523-1884
FAX: (504) 523-6911

January 14, 2000

Mr. A.H. Sulzer
Manager Industrial Relations
Keystone Shipping Services, Inc.
1 Bala Plaza East, Suite 600
Bala Cynwyd, PA 19004-1496

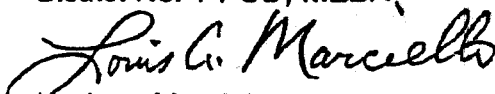
Dear Mr. Sulzer:

FOS Wage Scale for Licensed Officers employed aboard the Admir. Callaghan
commencing July 1, 1999 are as follows:

	<u>Monthly Rate</u>	<u>NWA</u>	<u>Daily* Rate</u>	<u>Overtime Per Hour</u>	<u>Premium Per Hour</u>
<u>Licensed Deck Officers</u>					
Master	\$9,964.99	\$2,015.36	\$399.34	\$62.28	\$12.84 /
Chief Mate	6,309.27	1,275.94	210.31	39.44	12.84
Second Mate	5,334.45	1,078.81	177.82	33.34	12.84
Third Mate	4,359.71	881.68	145.32	27.24	12.84
<u>Licensed Engineers</u>					
Chief Engineer	\$9,721.94	\$1,966.11	\$389.60	\$60.76	\$12.84
First Engineer	6,309.27	1,275.94	210.31	39.44	12.84
Second Engineer	5,334.45	1,078.81	177.82	33.34	12.84
Third Engineer	4,359.71	881.68	145.32	27.24	12.84
<u>Port Relief Engineers</u>					
Hourly Rate	\$ 25.00				
Minimum (7 Hours)	175.00				

***daily rates include NWA where appropriate.**

Very truly yours,
District No. 1-PCD, MEBA,


Louis A. Marciello
Representative

DISTRICT No. 1-PCD, MEBA
(AFL-CIO)

LAWRENCE H. O'TOOLE
PRESIDENT

ROBERT McFEETERS
SECRETARY-TREASURER

RON DAVIS, V.P., GULF COAST
817 CANONDELBY STREET
NEW ORLEANS, LA 70130
(504) 523-1884
FAX: (504) 523-6911

January 6, 2000

Mr. A. H. Sulzer
Manager Industrial Relations
Keystone Shipping Services, Inc.
One Bale Plaza East
Bala Cynwyd, PA 19004-1496

RE: Addendum to January 6, 2000 Memorandum of Understanding
between District No. 1-PCD, MEBA and Keystone Shipping Services, Inc.
for operation of vessel under MARAD RFP No. DTMA 94-97-R-00002

Dear Mr. Sulzer:

The following language refers to Section 1(a) of the above referenced Memorandum of Understanding and is hereby included and made part thereof:

A permanent Officer may be temporarily promoted to fill a permanent vacancy but such temporary promotion may not exceed thirty (30) days.

Your signature below confirms your agreement.

Very truly yours,
District No. 1-PCD, MEBA

Ron Davis

Ron Davis,
Vice President

Arthur H. Sulzer
Keystone Shipping Services, Inc.

January 14, 2000
date